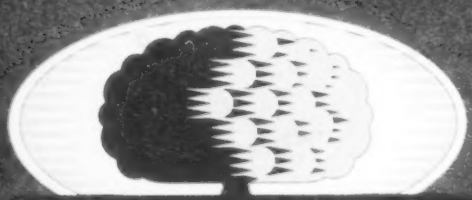
# 2002 ANNUAL REPORT



*Saskatchewan Pension Plan*

103-04258/

# Annual Report 2002

For the Year Ended
December 31, 2002

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# Letters of Transmittal

Her Honour
The Honourable Dr. Lynda Haverstock
Lieutenant Governor,
Province of Saskatchewan

Your Honour:

I have the honour to submit the Annual Report of the Saskatchewan Pension Plan for the year ending December 31, 2002.

Respectfully submitted,

Jim Melenchuk
Minister Responsible
Saskatchewan Pension Plan

The Honourable Jim Melenchuk
Minister Responsible
Saskatchewan Pension Plan

Sir:

On behalf of the Board of Trustees for the Saskatchewan Pension Plan, I have the honour to present the Annual Report for the Saskatchewan Pension Plan for the year ending December 31, 2002.

Respectfully submitted,

Katherine Strutt
General Manager
Saskatchewan Pension Plan

# Corporate Philosophy

## Our Mission

Provide people with the opportunities to make their financial lives better.

## Our Vision

The plan that people know and trust to provide financial products and services.

## Our Values

### Member Service

- Understanding member needs and meeting or exceeding their expectations
- Keeping member issues and inquiries our priority
- Managing our resources wisely, with a vision committed to long term growth and stability

### Integrity

- Dealing fairly with employees, co-workers, members, and the general public

### Initiative

- Encouraging creativity
- Learning and self development
- Planning and executing new approaches and methods

### Teamwork

- Accepting diversity and difference
- Cooperating to accomplish common goals

# Strategic Direction

The Saskatchewan Pension Plan Board and Management are continually monitoring the Plan's external environment, core competencies, and input from Plan members as it determines the Plan's future direction. At SPP, strategic planning is a process rather than an event. The focus of future plans is to support our mission - 'Provide people with the opportunities to make their financial lives better'.

SPP's goals are: to increase Plan membership; to increase Plan assets; and to manage our business effectively and efficiently.

## Progress in 2002

### Goal 1: Growth of SPP membership

This goal will be accomplished by continuing to market the Plan to employers and people under the age of 40. During the year, eight new employer plans were enrolled and the average age of new members was 38.3 years.

A second objective used to achieve this goal is to experience net growth in new membership each year. During 2002, 553 people joined SPP.

### Goal 2: Growth of SPP Assets

The strategy to achieve this goal is to increase member contributions each year. Actual contributions received from members during the year totalled $4.92 million. This is on par with 2001 contribution levels.

Providing superior customer service will assist with growing membership and assets. To achieve this objective SPP is developing service standards as part of its governance structure.

### Goal 3: Manage SPP's business effectively and efficiently

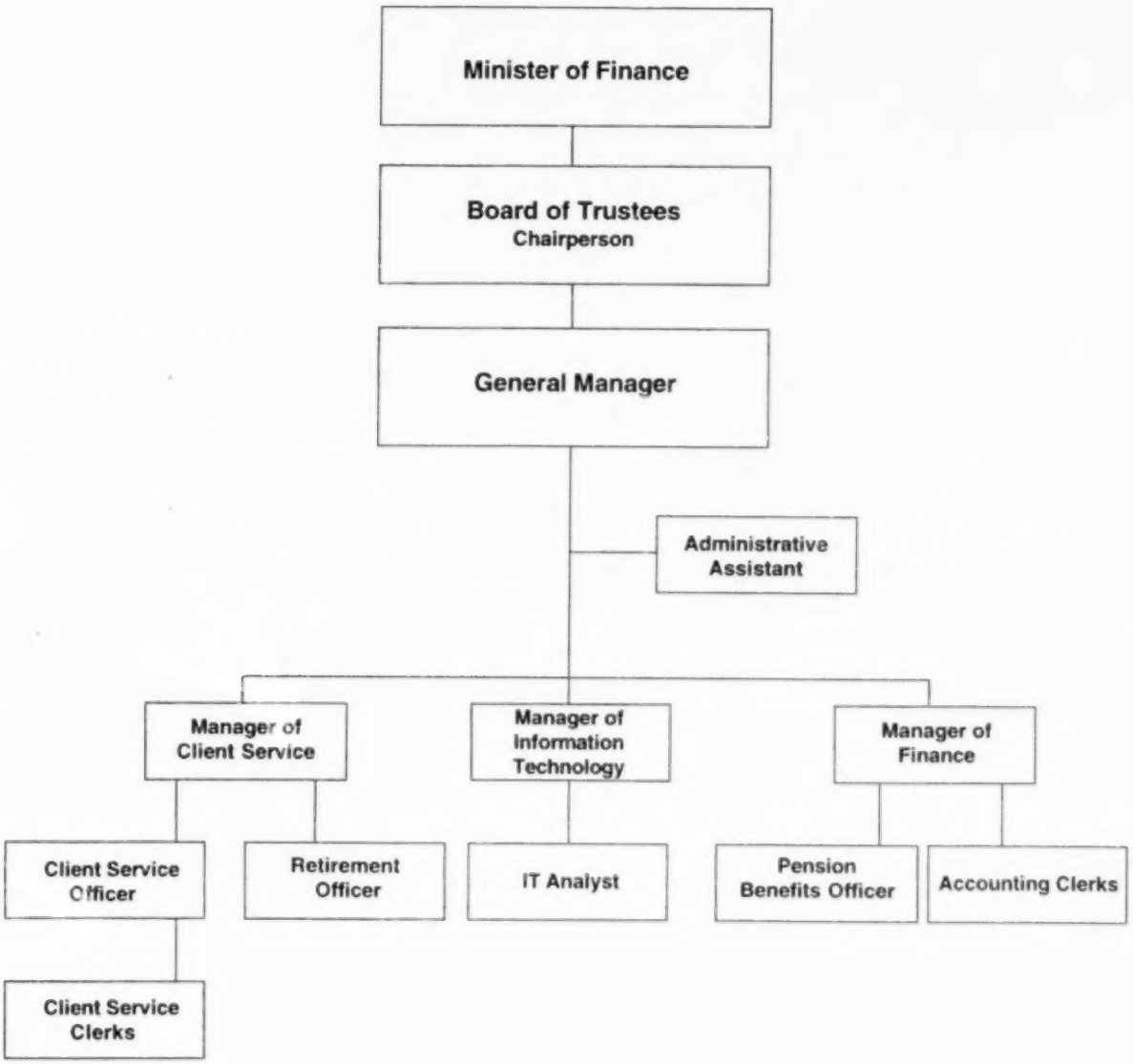
SPP is committed to maintaining an expense ratio of 1% or less. During 2002 the ratio was 0.85%. Other aspects to achieving this goal include governance and service standards, projects that continue to evolve at SPP.

Marketing of SPP contributes significantly to achieving Goals 1 and 2. During 2002, marketing efforts focused on new member and contribution recruitment. Activities included media campaigns, member mail outs, and trade shows.

These marketing efforts were not executed in isolation. Many other factors came into play as people made investment decisions. During 2002, the investment market performance and many challenges in the rural economy impacted SPP.

Growth potential exists for SPP and in 2003 the Plan will continue to develop strategies to meet these goals.

# Organization Chart



# Plan Operations

Saskatchewan Pension Plan (SPP) is a voluntary, money purchase plan available to anyone between 18 and 69 years of age. Eligibility is not dependent on residency, income, employment status, gender or membership in other plans. SPP members are full time employees, part time employees, self employed people, homemakers, farmers, and students.

SPP has promotional literature available for individuals who wish to obtain more detailed Plan information. This literature can be obtained by:

- calling the toll-free line at 1-800-667-7153,
- visiting the Plan's website at www.spp.gov.sk.ca, or
- by e-mailing the Plan at: office@spp.gov.sk.ca.

## Features of SPP

The Plan is designed for flexibility so that members can make it fit their life situation and budget. The main features of SPP are:

- Voluntary - no obligation to contribute;
- Flexible - payment at any time during the Plan year;
- Portable - people can join and contribute to the Plan regardless of where they reside; and
- Professionally managed investments.

Members and the public use the toll-free inquiry line to contact SPP. In 2002 the toll-free line received almost 11,000 calls, slightly lower than 2001 levels.

## Contributing to SPP

SPP has an annual maximum contribution of $600 and there is no minimum contribution. Contributions are tax deductible by the member or their spouse within RRSP guidelines.

Members like the easy payment options available at SPP. They can use the Pre-Authorized Contribution (PAC) system; mail contributions to the Plan; use their Visa or Mastercard by phone, in person, or on SPP's web site; use the telebanking service available at their financial institutions; or contribute, in person, at financial institutions.

Contributions are locked-in and vested and are used to provide the member with a pension at retirement. Contributions are creditor protected and cannot be seized, claimed, or garnisheed in any way except by a court order under a marital division or Enforcement of Maintenance Order.

Assets of members who have not yet retired are held in the Contribution Fund, an actively managed, balanced fund. The fund is managed by Greystone Managed Investments Inc. of Regina, a growth style manager, and Leith Wheeler Investment Counsel Ltd. of Vancouver, a value style manager. The purpose of the fund is to provide members with long term growth. The Plan balances the need for capital growth of younger members and the desire for capital preservation of older members with a mix of equities and fixed income investments. More information on the fund is found in the investment highlight section (page 12) and the Investment Policy summary (page 15).

## Employer Plan

SPP offers a unique opportunity to business owners and their employees. Employers can use SPP to offer the benefit of a pension plan to their employees without incurring the costs of administering a pension plan. Employers simply deduct the contributions from their payroll and submit them to SPP on whatever schedule they choose. Employers may also contribute on behalf of their employees.

SPP currently serves 65 employers with 242 employees. There is significant room for growth in this area and SPP is actively pursuing marketing efforts here.

# Plan Operations

## Retiring from SPP

Plan members can choose to retire from SPP between the ages of 55 and 69. At the time of retirement, members may direct all or part of their account to purchase an annuity from SPP or transfer their account to a locked-in retirement account or prescribed registered retirement income fund with another financial institution. SPP also offers a small pension payout option for members whose monthly benefit is less than the prescribed amount. In 2002, pensions under $16.29 per month qualified for this option.

Each annuity the Plan offers will pay the member monthly benefits for the rest of his or her life with possible payments to a beneficiary or survivor after the member's death. Annuity payments are determined by the member's account balance, age at retirement, and interest and annuity rates in effect.

When members retire from SPP and choose an annuity from SPP, their funds are transferred from the Contribution Fund to the Annuity Fund. The fund is managed by Greystone Managed Investments Inc. of Regina and invests in high quality fixed income investments.

## Administration

SPP is administered by a Board of Trustees, one-third of whom must also be members. The Board acts as trustee of the fund and administers the Plan in accordance with *The Saskatchewan Pension Plan Act* and Regulations and Board policies.

*Saskatchewan Pension Plan Board of Trustees from left to right: Honey Deglau, Arnie Arnott, Esther Bjorklund, and Earl Hanson.*

Board members are appointed by Order-in-Council and serve staggered two year terms. The Chair is Earl Hanson; board members are Arnie Arnott, Esther Bjorklund (Plan member), and Honey Deglau (Plan member). SPP would like to recognize the contribution of Gail Pischak who served on the Board from 1998 to 2002. There was one vacancy on the Board at December 31, 2002.

Responsibility for the daily administration of the Plan is delegated to the General Manager. In addition, the Board employs a number of consultants and specialists to assist them with managing member funds. These include:

- professional money managers, Greystone Managed Investments Inc. and Leith Wheeler Investment Counsel Ltd., who are responsible for investing member funds according to the Board's investment policies;
- a custodian, Royal Trust Corporation of Canada, who holds all securities and cash in the funds and reports independently to the Board, thereby ensuring all funds are safeguarded; and
- a pension consultant, James P. Marshall, a Hewitt Company, who assists the Board in monitoring the performance of the investment managers.

Administrative expenses are paid from Plan earnings and SPP focuses on providing efficient service at a reasonable cost. Administrative expenses in 2002 were $1.67 million, or 0.85% of the fund's net asset base.

# Plan Demographics

At December 31, 2002, SPP had 29,549 members. During 2002, 8,365 members contributed to SPP with an average contribution of $586 (2001: 8,277; $592). The following table shows who SPP members are by status, sex, occupation, and age.

## Membership profile

| Status | % |
|---|---|
| Active | 63 |
| Retired | 37 |

| Sex | % |
|---|---|
| Female | 75 |
| Male | 25 |

| Occupation | %* |
|---|---|
| Homemaker | 30 |
| Farmer | 11 |
| Self employed | 10 |
| Full time | 15 |
| Part time | 27 |
| Student | 3 |
| Other | 5 |

| Age | % |
|---|---|
| 18-25 | 2 |
| 26-34 | 5 |
| 35-49 | 24 |
| 50-65 | 33 |
| Over 65 | 36 |

*Total is more than 100 as some members indicate more than one category.

## New Member Profile

- 69% identify themselves as full-time, part time or self employed.
- Average age of new members in 2002 was 38.3 years.
- 54% of the new members were women.

## Retirement Profile

- Over 600 members retired in 2002.
- Average monthly pension for new retirees was $81.70.
- Highest monthly pension is $188.
- Almost 11,000 people receive pension from SPP.

# Investment Highlights

Despite some good news in the fourth quarter of 2002, equity markets provided disappointing results for yet another year. Following on the heels of weak or negative returns in the prior two years, global equity markets were again negative in 2002. Among the major concerns for equity investors were weaker than expected economic growth, continuing worries about the quality of reported corporate earnings and a general unease over tensions in the Middle East. These concerns were especially noticeable in the U.S., where the S&P 500 recorded its third consecutive year of decline.

As with 2001, the good news in 2002 came from the bond market as interest rates again declined, providing investors with capital gains as well as interest income.

The Contribution Fund holds all assets of members who have not yet retired. The purpose of the fund is to provide members with long term capital appreciation. The two investment managers, Greystone Managed Investments, Inc. of Regina and Leith Wheeler Investment Counsel Ltd. of Vancouver, invest funds in a balanced portfolio of equities and bonds. The following is a summary of the performance of each asset class.

| Index Definitions | |
|---|---|
| S & P/ TSX 300 | Toronto Stock Exchange Index |
| S & P 500 | Standard & Poors 500 US Stocks |
| MSCI EAFE | Morgan Stanley Europe, Australia and Far East Index |
| SCUBI | Scotia Capital Universe Bond Index |

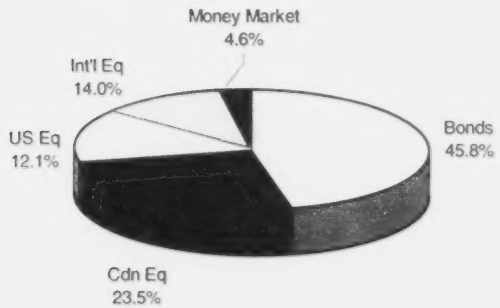
## Canadian Equities

In Canadian equities the S&P/TSX (formerly called the TSE 300 index) Composite index fell 12.4% in the year, almost matching the 12.6% loss in 2001. For the second consecutive year Technology companies had very weak returns which when combined with losses in the Health Care, Industrial and Consumer Discretionary sectors, pulled the index into negative territory. Still, a stronger domestic economy and a larger bias toward resource stocks, rather than technology, made the TSX one of the best performing indices in the world during 2002. Once again, small capitalization stocks fared better than large cap stocks.

| | S&P/TSX 300 Weight Dec. 31, 2002 (%) | Sector Return (%) | Portfolio Weight Dec. 31, 2002 (%) |
|---|---|---|---|
| Energy | 15.0 | 13.7 | 13.4 |
| Materials | 16.2 | 7.0 | 8.5 |
| Utilities | 4.6 | 6.3 | 4.6 |
| Consumer Staples | 4.4 | 1.9 | 11.6 |
| Financials | 32.2 | -2.6 | 34.1 |
| **S&P/TSX 300** | | **-12.4** | |
| Telecom Services | 5.7 | -18.8 | 0.9 |
| Consumer Discretionary | 7.5 | -20.3 | 7.3 |
| Industrials | 7.3 | -30.6 | 17.1 |
| Health Care | 2.4 | -42.8 | - |
| Information Technology | 4.7 | -64.8 | 2.5 |
| Total | 100.0 | | 100.0 |

The first nine months of 2002 were difficult, but an end of the year recovery provided some welcome, albeit modest, relief. SPP's Canadian equity portfolio returned -3.3% compared to the S&P/TSX 300 Composite Index return of -12.4%. The chart above shows the sector and portfolio breakdown for Canadian equities. Similar information is provided for each asset class.

**Contribution Fund Portfolio at December 31, 2002**



# Investment Highlights

## U.S. Equities

In U.S. equities, the S&P 500 fell 22.9% in Canadian dollar terms in 2002. This marked the third consecutive year of negative returns and the longest annual losing streak since 1939-41. Similar to the Canadian market, Information Technology and Telecom Services stocks lagged in the year, although all 10 sectors earned negative returns. In addition to losses in all large cap (S&P 500) sectors, weak results also spread to the mid cap S&P 400 and small cap S&P 600 indexes.

| | S&P 500 Weight Dec. 31, 2002 (%) | Sector Return (%) | Portfolio Weight Dec. 31, 2002 (%) |
|---|---|---|---|
| Consumer Staples | 9.5 | -7.3 | 4.7 |
| Materials | 2.8 | -8.7 | 4.5 |
| Energy | 6.0 | -14.2 | 6.2 |
| Financials | 20.5 | -17.3 | 18.3 |
| Health Care | 14.9 | -20.8 | 12.4 |
| **S&P 500** | | **-22.9** | |
| Consumer Discretionary | 13.4 | -25.2 | 24.0 |
| Industrials | 11.5 | -28.3 | 13.9 |
| Utilities | 2.9 | -33.7 | 1.2 |
| Telecom Services | 4.2 | -36.6 | 2.3 |
| Information Technology | 14.3 | -38.2 | 12.5 |
| Total | 100.0 | | 100.0 |

The roller-coaster final quarter of the year was marked by very strong equity returns in October and November, followed by the weakest December for the Dow since 1931. SPP's U.S. equity portfolio returned -19.3% for the year compared to the S&P 500 Index return of -22.9%.

## Non-North American Equities

Non-North American equities, as measured by the EAFE index, lost 16.8% in 2002, which followed returns of -16.7% in 2001 and -11.2% in 2000. In local currency terms, all twenty-one EAFE countries posted losses in 2002. In Canadian dollar terms, Austria and New Zealand earned positive results as a declining Canadian dollar generated currency gains for these, and most other EAFE countries. For the second consecutive year, Emerging Markets faired better than developed markets as select countries posted double digit gains.

SPP's Non-North American equity portfolio returned -9.8% compared to the MSCI EAFE Index return of -16.8%.

| Country | EAFE Weight Dec. 31, 2002 (%) | EAFE Return (C$) (%) | Portfolio Weight Dec. 31, 2002 (%) |
|---|---|---|---|
| Austria | 0.2 | 15.4 | - |
| New Zealand | 0.2 | 14.6 | - |
| Australia | 4.7 | -2.4 | 0.9 |
| Norway | 0.5 | -6.5 | - |
| Singapore | 0.8 | -7.8 | 2.5 |
| Italy | 3.9 | -8.3 | 3.2 |
| Japan | 21.2 | -11.2 | 16.8 |
| Switzerland | 8.1 | -12.0 | 10.0 |
| United Kingdom | 27.7 | -14.8 | 28.9 |
| Portugal | 0.4 | -14.9 | - |
| Belgium | 1.0 | -15.8 | - |
| **EAFE** | | **-16.8** | |
| Denmark | 0.8 | -16.9 | 0.3 |
| Hong Kong | 1.6 | -18.6 | 4.9 |
| Netherlands | 5.5 | -18.9 | 6.8 |
| Spain | 3.3 | -20.2 | 1.3 |
| France | 9.3 | -22.1 | 4.6 |
| Greece | 0.4 | -26.0 | 0.6 |
| Ireland | 0.7 | -27.0 | 4.6 |
| Sweden | 1.9 | -30.9 | 1.1 |
| Finland | 2.0 | -31.0 | 1.4 |
| Germany | 5.8 | -33.9 | 3.0 |
| Emerging Markets | - | - | 7.1 |
| Cash | - | - | 2.0 |
| Total | 100.0 | | 100.0 |

# Investment Highlights

## Fixed Income

| | SCUBI Weight Dec. 31, 2002 (%) | SCUBI Return (%) | Portfolio Weight Dec. 31, 2002 (%) |
|---|---|---|---|
| Federal | 49.3 | 8.1 | 58.3 |
| Provincial | 23.9 | 10.1 | 14.3 |
| Corporate | 25.6 | 8.6 | 25.9 |
| Municipal | 1.2 | 10.6 | 1.5 |
| SCUBI | | 8.7 | |
| Total | 100.0 | | 100.0 |

As was the case in 2001, bond and short-term investment returns in 2002 were positive, illustrating the benefits of diversification in balanced portfolios. The Universe Bond Index earned a solid 8.7% return in 2002 after earning 8.1% in 2001 and 10.2% in 2000. In all periods, capital gains from falling interest rates generated much of the favourable return as interest rates fell to 40-year lows. Through 2002, provincial bonds were among the best performers in the Universe Index. Outside of the index, real return bonds and high yield bonds had outstanding results.

SPP's bond portfolio returned 9.0% compared to the Universe Bond Index return of 8.7%

Total assets in the contribution fund were $137.7 million at year end, a decrease of 4% over the previous year. SPP's income allocation policy, which smoothes the fund's market performance by blending this year's market gains and losses with a portion of those from the preceding three years, allocated a return of 2.86% to members in 2002, bringing the ten year average return to 10.3%. The market return for the year was -1.1%.

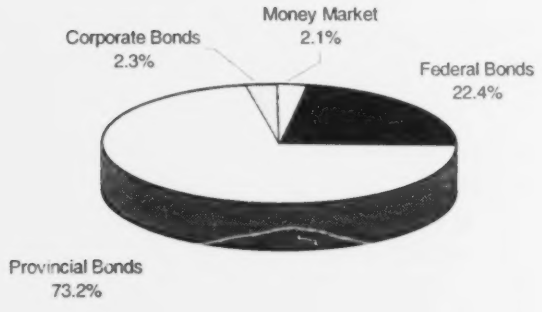
Members of the Contribution Fund earned 2.86% in 2002. This fund has a ten-year average return of 10.34%.

Looking forward, the potential war with Iraq hangs over all markets. This has several short-term ramifications for oil prices, government budget deficits and consumer confidence (influenced by possible terrorist reprisals) as well as producing longer-term uncertainties regarding regional power balances and reconstruction costs. However, SPP's investment managers anticipate modest economic growth in both Canada and the United States in 2003.

## Annuity Fund

Assets of retired members are held in the Annuity Fund. Unlike the Contribution Fund, this fund does not hold any equities as investments. This fund is used to make pension payments to retired members and the portfolio is structured in such a way that assets and liabilities are matched. Total assets of the fund at December 31, 2002 were $58.4 million. Members continued to face low interest rates in 2002, ranging from a high of 4.8% to a low of 4.0%. At December 31, 2002 the Annuity Fund had an actuarial surplus $2,907,000.

**Annuity Fund Portfolio at December 31, 2002**



# Investment Policy Summary

SPP has established two funds to hold the assets of the Plan: the Contribution Fund and Annuity Fund. The investments must be eligible investments as outlined in *The Pension Benefits Act* and Regulations, the *Income Tax Act* and Regulations, and all subsequent amendments.

The Board of Trustees establishes the Investment Policy and reviews the performance of the funds on a quarterly basis. The Investment Policy is open to review at any time but must be reviewed at least annually by the Board.

## Contribution Fund

The Contribution Fund holds assets of members who have not yet retired. The assets are accumulated under a defined contribution or money purchase arrangement. The purpose of the fund is to accumulate the assets of members and invest these assets in a prudent, risk-controlled manner to provide for long-term growth. The Plan balances the need for capital growth of younger members with the desire for capital preservation of older members with a mix of equities and fixed income investments.

In order to achieve the long term investment goals, the fund invests in assets that may have uncertain returns, such as Canadian equities, foreign equities and bonds. However, the Board of Trustees attempts to reduce the overall level of risk by:

- diversifying the asset classes, diversifying within each individual asset class and diversifying by manager style;
- establishing quality, quantity and diversification guidelines;
- retaining an investment consultant who monitors the investment performance of the fund and reports to the Board on investment manager related issues that may have an impact on fund performance;
- having management conduct monthly reviews of compliance of each investment manager with the quality and quantity guidelines contained in the policy;
- reviewing quarterly reports from investment managers on compliance with the Investment Policy throughout the reporting period; and
- the Board has established the following investment benchmarks and asset component ranges at market value:

| | Minimum % | Benchmark | Maximum % |
|---|---|---|---|
| Canadian Equities | 10 | 22 | 40 |
| Foreign equities* | 10 | 28 | 40 |
| **Total equities** | **30** | **50** | **60** |
| Canadian bonds | 30 | 47 | 60 |
| Short term investments and cash | 1 | 3 | 30 |

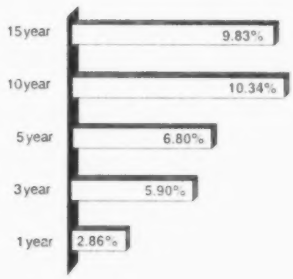
Mortgages, real estate, private placement equities, and certain other types of investments require prior approval of the Board of Trustees.

*Not to exceed the Income Tax limit of 30% of book value.

The primary investment performance objective is to earn a rate of return that exceeds the rate of return earned on a benchmark portfolio as outlined above. The benchmark portfolio uses the following indices to measure performance:

- Canadian equities: TSE/CPMS 300 Cap 10 Index;
- U.S. equities: S & P 500 US Stock Index (Cdn $);
- Non North American equities: MSCI EAFE Index (Cdn $);
- Bonds: SC Universe Bond Index; and
- Short term investments: 91 day Canadian Treasury Bills.

**Historical Investment Performance**



# Investment Policy Summary

Canadian and foreign equities are permitted. Equities are limited to those that are publicly traded on a recognized securities market and units of international pooled funds. No one equity holding shall represent more than 10% of the market value of the equity portfolio or more than 10% of the voting shares of any corporation. Investments in pooled funds should not exceed 10% of the market value of the fund.

Bonds must meet a minimum quality standard of "BBB" or equivalent at the time of purchase. "BBB" bonds may not be purchased if it would raise "BBB" holdings to more than 15% of the market value of the bond portfolio.

Short-term investments must have a rating of "R-1" or equivalent as rated by a recognized bond rating agency.

Investment income and changes in the market value of investments are allocated annually to members in the Contribution Fund. The change in market value of investments is allocated over a four year period on a straight line basis. The maximum gain or loss deferred to future years cannot exceed 5% of the market value of investments at December 31.

## Annuity Fund

The Annuity Fund holds assets transferred from the Contribution Fund at retirement. Assets in the fund are used to provide annuity payments for life to retired members. Overall, the risk tolerance of the fund is low as the fund cannot tolerate loss of principal. Risk is addressed through an investment approach that invests in high quality fixed income investments. Interest rate risk is addressed by matching estimated future cash payments with interest and principal payments from the portfolio. As such, the Annuity Fund is immunized against changes in interest rates that may cause temporary differences between the asset and liability values. The duration of the portfolio at cost is matched with the duration of the liabilities at cost on an annual basis. The matching should fall within a band of -.5 to +.5 years of the duration target.

Government of Canada, Provincial Government and Corporate bond issues, strip bonds, mortgages, mortgage backed securities and short term investments are permissible investments. Equities and derivatives are not permitted.

Government bonds must have a credit rating of at least "BBB" or equivalent at the time of purchase. No more than 15% of the par value of the bond portfolio may be invested in government bonds with a "BBB" rating. The minimum credit rating for corporate bonds and debentures is an "A" rating or equivalent at the time of purchase. No more than 10% of the market value of the bond portfolio should be invested in corporate bonds. Mortgage related investments must be government guaranteed or NHA approved. No more than 10% of the market value of the total portfolio should be invested in mortgages. Short term investments must have an "R-1" or equivalent credit rating at the time of purchase.

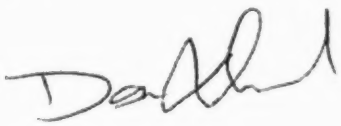
# Actuaries' Opinion

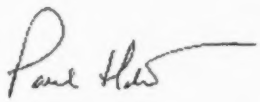
Aon Consulting Inc. was retained by the Saskatchewan Pension Plan (the Plan) to perform actuarial valuations of the assets and liabiiities of the Saskatchewan Pension Plan on a funding basis as at December 31, 2002. The valuation of the Plans' actuarial assets and liabilities were based on:

- Membership and asset data provided by the Saskatchewan Pension Plan as at December 31, 2002; and
- Assumptions about future events (economic and demographic) which were developed by Aon Consulting Inc.

While the actuarial assumptions used to estimate liabilities for the Plan are, in our opinion, reasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation. We are also of the opinion that the methods employed in the valuation and the assumptions used are, in aggregate, appropriate. Our opinions have been given, and our valuation has been performed in accordance with accepted actuarial practice.





Donald L. Ireland
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries
February 14, 2003

Paul Hebert
Associate, Society of Actuaries

# Management and Auditors' Reports

## Management's Responsibility for Financial Statements

The accompanying financial statements of the Saskatchewan Pension Plan, and all information in this annual report, have been prepared by Plan management which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include some estimates based on management's judgment. Other financial information in this annual report is consistent with that provided in the financial statements.

The Plan's accounting system and related system of internal controls are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, and financial records are properly maintained to provide reliable information for use in the preparation of financial statements.

The Board of Trustees of the Plan is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews and approves the financial statements.

These financial statements have been audited by the Plan's external auditors, Deloitte & Touche LLP, in accordance with Canadian generally accepted auditing standards, on behalf of the Members of the Legislative Assembly of Saskatchewan.

Earl R. Hanson
Chairperson
February 14, 2003

Katherine Strutt
General Manager

## To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Saskatchewan Pension Plan as at December 31, 2002 and the statements of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2002 and the results of its operations and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Saskatoon, Canada
February 14, 2003

Chartered Accountants

## Saskatchewan Pension Plan
## Statement of Net Assets Available for Benefits
## As at December 31

| | 2002 | | | 2001 | | |
|---|---|---|---|---|---|---|
| | Contribution Fund | Annuity Fund | Total | Contribution Fund | Annuity Fund | Total |
| **ASSETS** | | | | | | |
| Investments at market value (Note 3) | $136,004,309 | $ - | $136,004,309 | $141,513,801 | $ - | $141,513,801 |
| Investments at cost (Note 4) | - | 57,823,984 | 57,823,984 | - | 53,359,058 | 53,359,058 |
| | 136,004,309 | 57,823,984 | 193,828,293 | 141,513,801 | 53,359,058 | 194,872,859 |
| Cash | 479,783 | 111,472 | 591,255 | 344,823 | 826,991 | 1,171,814 |
| Accrued interest and dividends | 623,494 | 772,443 | 1,395,937 | 712,240 | 719,303 | 1,431,543 |
| Prepaid (deferred) retirement transfers | 727,006 | (727,006) | - | 766,282 | (766,282) | - |
| Prepaid pension benefits | - | 473,813 | 473,813 | - | 443,299 | 443,299 |
| Total Assets | 137,834,592 | 58,454,706 | 196,289,298 | 143,337,146 | 54,582,369 | 197,919,515 |
| **LIABILITIES** | | | | | | |
| Administrative expenses payable | 134,211 | 46,418 | 180,629 | 121,346 | 41,645 | 162,991 |
| Deaths and other benefits payable | 43,478 | 30,077 | 73,555 | 98,086 | 61,566 | 159,652 |
| Deferred member contributions | 4,000 | - | 4,000 | 5,850 | - | 5,850 |
| Provision for annuity benefits (Note 5) | - | 55,471,211 | 55,471,211 | - | 53,185,158 | 53,185,158 |
| Total liabilities | 181,689 | 55,547,706 | 55,729,395 | 225,282 | 53,288,369 | 53,513,651 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $137,652,903 | $ 2,907,000 | $140,559,903 | $143,111,864 | $ 1,294,000 | $144,405,864 |

ON BEHALF OF THE TRUSTEES:

Earl R. Hanson, Chairperson

H. Deglau, Board Member

(See Accompanying Notes)

# Saskatchewan Pension Plan
## Statement of Changes in Net Assets Available for Benefits
## For the Year Ended December 31

| | 2002 | | | 2001 | | |
|---|---|---|---|---|---|---|
| | Contribution Fund | Annuity Fund | Total | Contribution Fund | Annuity Fund | Total |
| **INCREASE IN ASSETS** | | | | | | |
| Investment income | | | | | | |
| Interest | $ 3,908,151 | $ 4,278,426 | $ 8,186,577 | $ 4,126,922 | $ 4,120,176 | $ 8,247,098 |
| Dividends | 1,248,620 | - | 1,248,620 | 1,818,641 | - | 1,818,641 |
| | 5,156,771 | 4,278,426 | 9,435,197 | 5,945,563 | 4,120,176 | 10,065,739 |
| Change in market value of investments | (6,827,692) | - | (6,827,692) | (1,843,698) | - | (1,843,698) |
| Contributions | 4,920,948 | - | 4,920,948 | 4,907,464 | - | 4,907,464 |
| Transfers from Contribution Fund | - | 5,879,949 | 5,879,949 | - | 6,858,520 | 6,858,520 |
| | 3,250,027 | 10,158,375 | 13,408,402 | 9,009,329 | 10,978,696 | 19,988,025 |
| **DECREASE IN ASSETS** | | | | | | |
| Payments to pensioners | - | 5,464,931 | 5,464,931 | - | 5,056,333 | 5,056,333 |
| Increase in provision for annuity benefits (Note 5) | - | 2,286,053 | 2,286,053 | - | 4,609,845 | 4,609,845 |
| Administrative expenses (Note 8) | 1,202,062 | 467,469 | 1,669,531 | 1,142,114 | 422,426 | 1,564,540 |
| Transfers to other plans | 1,452,878 | - | 1,452,878 | 1,322,355 | - | 1,322,355 |
| Transfers to Annuity Fund | 5,879,949 | - | 5,879,949 | 6,858,520 | - | 6,858,520 |
| Deaths and other benefits | 174,099 | 326,922 | 501,021 | 394,158 | 453,092 | 847,250 |
| | 8,708,988 | 8,545,375 | 17,254,363 | 9,717,147 | 10,541,696 | 20,258,843 |
| Change in Net Assets | (5,458,961) | 1,613,000 | (3,845,961) | (707,818) | 437,000 | (270,818) |
| **NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR** | 143,111,864 | 1,294,000 | 144,405,864 | 143,819,682 | 857,000 | 144,676,682 |
| **NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR** | $137,652,903 | $ 2,907,000 | $140,559,903 | $143,111,864 | $ 1,294,000 | $144,405,864 |

(See Accompanying Notes)

# Saskatchewan Pension Plan
# Notes to the Financial Statements
# December 31, 2002

## 1. Description of Plan

### (a) General

The Saskatchewan Pension Plan ("SPP" or the "Plan") was established by the Government of Saskatchewan to provide an opportunity for individuals with little or no access to private pensions or other retirement savings arrangements to save for their retirement. Details of the Plan are contained in *The Saskatchewan Pension Plan Act* (the Act) and Regulations.

### (b) Funds Established

The following funds were established to administer the Plan:

(i) Contribution Fund (CF)

The CF is a Defined Contribution Fund established to accumulate all contributions and earnings for members who have not yet retired under the Plan. The Fund holds a balanced portfolio including equities, bonds and money market investments to maximize earnings while minimizing risk to members.

(ii) Annuity Fund (AF)

The AF was established to provide retirement annuities to the members of the Plan. The Fund holds investments in high quality long-term bonds. The Fund also holds money market investments for current pension needs and to pay administration costs. Equity investments are not permitted. The investment portfolio is structured to limit the effect on the Fund due to changes in the level of interest rates, to provide sufficient liquidity for payments to retirees when due, and to ensure long-term solvency.

### (c) Contributions

Participation in the Contribution Fund is voluntary and members can contribute a maximum of $600 for each plan year. Contributions are vested immediately in the member's name and are locked into the Plan until retirement.

### (d) Retirement

Members may retire under the Plan as early as age 55 or delay retirement as late as age 69. A member's accumulated account balance at retirement consists of member's contributions to the Plan together with the investment income and changes to the market value of the Plan's investments allocable to the member as of that date under the terms of the Plan. Upon retirement, members may purchase an annuity through the AF or they may transfer all or part of their account to a locked-in pension option with another financial institution.

### (e) Income Tax

The Plan is a prescribed provincial plan under the Income Tax Act and is not subject to tax.

### (f) Death Benefits

Should a member die prior to retirement, the funds in his or her account will be paid to the named beneficiary. If the beneficiary is the member's spouse, the funds may be transferred to the spouse's SPP account or to their own registered retirement savings plan.

Should a member die after retirement, death benefits are payable according to the type of annuity the member selected at retirement.

### (g) Withdrawal Provisions

Members whose monthly pensions are less than the prescribed amount can withdraw their total pension in one lump sum instead of receiving monthly benefits. In 2002, the prescribed amount was $16.29.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant:

### (a) Investment Transaction and Income Recognition

Investment transactions are accounted for on the trade date. Realized gains and losses and unrealized appreciation or depreciation of investments are determined by reference to the average cost of investments. The Plan follows the accrual method for the recording of income and expenses. Dividends are recorded on the date of record.

### (b) Investments

(i) Contribution Fund

Investments comprising of bonds and equities are stated at market value which are determined by reference to closing year-end sale prices from recognized security dealers or in the absence of recorded sales by referring to closing year-end bid and ask prices. Money market investments, comprising of treasury bills and bankers acceptances, are recorded at cost, which approximates market value. Pooled funds are valued based on quoted market price of the underlying investments, normally the bid and ask price.

(ii) Annuity Fund

Investments in bonds are carried at amortized cost. Any premium or discount arising on purchase is amortized to income over the period to maturity. Gains and losses arising on sale are deferred and amortized to income over the remaining term to maturity of the security sold. Funds are transferred from the Contribution Fund at the date members purchase an annuity from the Annuity Fund for the purchase of long-term bonds. The combined duration of the bonds purchased is matched to the duration of the annuities purchased from the Annuity Fund. Under the policy of the Plan such bonds are generally held to maturity and therefore are not considered marketable. This is consistent with the basis of underwriting annuities, which are issued based on the prevailing interest rates at the time of retirement. Money market investments, comprising of treasury bills and bankers acceptances, are recorded at cost, which approximates market value.

**(c) Foreign Currency Translation**

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end. Investments, revenue, and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation are included in the current period change in market value of investments.

**(d) Fair Value**

Accrued interest and dividends, prepaid (deferred) retirement transfers, prepaid pension benefits, administrative expenses payable, death and other benefits payable and deferred member contributions are all short term in nature and as such, their carrying value approximates fair value.

Fair value of investments approximates market value.

**3. Contribution Fund Investments**

| | 2002 | 2001 |
|---|---|---|
| | (at market value) | |
| Money Market | $ 6,325,351 | $ 3,666,014 |
| Bonds | 58,929,197 | 64,719,306 |
| Equities | 48,478,685 | 57,851,519 |
| Pooled Funds | 22,271,076 | 15,276,962 |
| | $136,004,309 | $141,513,801 |

**(a) Money Market**

| | 2002 | | | 2001 | | |
|---|---|---|---|---|---|---|
| | Average Term (in days) | Effective Interest Rate (percent) | Market Value | Average Term (in days) | Effective Interest Rate (percent) | Market Value |
| Money Market | 58 | 2.8 | $6,325,351 | 91 | 2.5 | $ 3,666,014 |

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an "R-1" rating, as rated by a recognized bond rating agency at the time of purchase, are permissible. Other than the Government of Canada, no single issuer represents more than 10.8% (2001: 13.6%) of the money market portfolio.

**(b) Bonds**

| 2002 | | | | | |
|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Municipal | Corporate | Total |
| | | | (at market value) | | |
| 5 years or less | $22,087,906 | $2,543,723 | $511,482 | $ 6,803,527 | $31,946,638 |
| Greater than 5 years | 12,318,972 | 6,222,255 | 341,586 | 8,099,746 | 26,982,559 |
| | $34,406,878 | $8,765,978 | $853,068 | $14,903,273 | $58,929,197 |

| 2001 | | | | | |
|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Municipal | Corporate | Total |
| | | | (at market value) | | |
| 5 years or less | $18,320,315 | $ 3,442,769 | $534,792 | $ 5,854,860 | $28,152,736 |
| Greater than 5 years | 16,634,768 | 7,224,623 | 354,528 | 12,352,651 | 36,566,570 |
| | $34,955,083 | $10,667,392 | $889,320 | $18,207,511 | $64,719,306 |

Bonds must meet a minimum quality standard of "BBB" or equivalent, as rated by a recognized credit rating service at the time of purchase. No more than 15% of the market value of the bond portfolio may be held in "BBB" issues. Other than the Government of Canada, no single issuer represents more than 3.5% (2001: 5.3%) of the overall bond portfolio. All of the bonds are fixed rate bonds with effective interest rates ranging between 2.9% and 10.2% (2001: 4.2% and 7.9%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

**(c) Equities**

| | 2002 | 2001 |
|---|---|---|
| | (at market value) | |
| Canadian Shares | $32,075,091 | $37,738,311 |
| United States Shares | 16,403,594 | 20,113,208 |
| | $48,478,685 | $57,851,519 |

No one holding represents more than 10% of the market value of the equity portfolio or more than 10% of the capital stock of the issuer. Equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 1.5% (2001: 1.7%).

**(d) Pooled Funds**

| | 2002 | 2001 |
|---|---|---|
| | (at market value) | |
| Fixed Income Bond Pooled Fund | $ 3,297,370 | $ - |
| Non North American Pooled Fund | 18,973,706 | 15,276,962 |
| | $22,271,076 | $15,276,962 |

The Plan limits its investments in a single pooled fund to not be more than 10% of the market value of its investment portfolio. These funds have no fixed interest rate and their returns are based on the investment performance attained by the fund manager.

**(e) Interest Rate, Credit, and Foreign Currency Risk**

**Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of some of the Plan's assets is affected by changes in nominal interest rates and equity markets.

The Fund holds approximately 50.4% (2001: 48.3%) of its investments in fixed income securities and 49.6% (2001: 51.7%) in equities at December 31, 2002.

**Credit Risk**

Credit risk arises from the potential for issuers of securities to default on their contractual obligation to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. At December 31, 2002 the Fund's maximum credit risk exposure relates to bonds, accrued income and short-term investments totaling $69,174,931 (2001: $69,097,297)

**Foreign Currency Risk**

Foreign Currency exposure arises from the Plan's holdings of foreign equities. As at December 31, 2002, the Plan's foreign currency exposure was $35,377,300 (2001: $35,390,170).

To manage the above risks, the Board has adopted an Investment Policy whereby investments are strategically distributed among several classes of assets to reduce exposure to investment volatility. The Plan's Investment Policy also defines minimum quality rating for new investments and restricts the size of investment in any one issuer.

**(f) Investment Performance**

The following is a summary of the Contribution Fund investment performance before administration expenses:

| | Annual Return | | Rolling Four Year Return | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Portfolio Return | -1.1% | 3.0% | 4.8% | 7.6% |
| Benchmark Return | -4.5% | -1.8% | 2.7% | 6.6% |

The portfolio return is a time-weighted rate of return calculation. The benchmark return aggregates the actual market index returns according to the weightings specified in the Investment Policy.

**4. Annuity Fund Investments**

| | 2002 | 2001 |
|---|---|---|
| | (at carrying value) | |
| Money Market | $ 1,241,554 | $ 94,707 |
| Bonds | 56,582,430 | 53,264,351 |
| | $57,823,984 | $53,359,058 |

**(a) Money Market**

| | 2002 | | | 2001 | | |
|---|---|---|---|---|---|---|
| | Average Term (in days) | Effective Interest Rate (percent) | Market Value | Average Term (in days) | Effective Interest Rate (percent) | Market Value |
| Money Market | 47 | 2.8 | $1,241,554 | 49 | 1.9 | $94,707 |

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an "R-1" rating are permissible. Other than the Government of Canada, no single issuer represents more than 29.1% (2001: 0.0%) of the money market portfolio.

**(b) Bonds**

| 2002 | | | | | |
|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Corporate | Total | Total Market |
| | (at carrying value) | | | | |
| 5 years or less | $ 3,491,738 | $ 4,440,726 | $549,346 | $ 8,481,810 | $9,169,976 |
| Greater than 5 years | 10,027,456 | 37,336,296 | 736,868 | 48,100,620 | 58,958,334 |
| | $13,519,194 | $41,777,022 | $1,286,214 | $56,582,430 | $68,128,310 |

| 2001 | | | | | |
|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Corporate | Total | Total Market |
| | (at carrying value) | | | | |
| 5 years or less | $ 3,385,613 | $ 3,817,311 | $ 542,435 | $ 7,745,359 | $ 8,289,873 |
| Greater than 5 years | 10,072,156 | 32,918,467 | 2,528,369 | 45,518,992 | 54,450,296 |
| | $13,457,769 | $36,735,778 | $3,070,804 | $53,264,351 | $62,740,169 |

Government bonds must meet a minimum quality standard of "BBB" or equivalent as rated by a recognized credit rating service at the time of purchase. No more than 15% of the par value of the total bond portfolio may be held in "BBB" issues. Corporate bonds must meet a minimum quality standard of "A" at the time of purchase. Other than the Government of Canada, no single issuer represents more than 20.3% (2001: 21.3%) of the overall bond portfolio. All of the bonds are fixed rate bonds with yields to maturity ranging between 5.2% and 11.4% (2001: 4.7% and 11.4%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

**(c) Interest Rate and Credit Risk**

**Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of some of the Plan's assets is affected by changes in nominal interest rates.

**Credit Risk**

Credit risk arises from the potential for issuers of securities to default on their contractual obligation to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. At December 31, 2002 the Fund's maximum credit risk exposure relates to bonds, accrued income and short-term investments totaling $58,596,333 (2001: $54,078,258).

To manage the above risk, the Board has adopted an Investment Policy that sets out the manner in which assets are invested. The Plan's Investment Policy defines the minimum quality rating for new investments and restricts the size of certain investments.

**5. Provision for Annuity Benefits**

The provision for annuity benefits is the actuarial present value of the future expected annuity benefit obligation to pensioners as annually determined by Aon Consulting Inc., an independent actuary. The actuarial valuation is a complex process requiring professional judgment on the part of the actuary and must ensure consistency with the asset valuation methodology. Measurement of this amount involves uncertainty, as estimates must be made of future interest rates and mortality rates.

The valuation method used to calculate the basic pension liability of retired members was the single premium actuarial cost method. For the purpose of this actuarial valuation, an interest rate of 6.2% was adopted to determine the liabilities as of December 31, 2002. At December 31, 2001 the annuity rate for each individual at the date they purchased an annuity was used for the first 15 years and 6% per annum thereafter. The change in the interest rate assumption has been made to better match the pension assets and liabilities. The 1994 Group Annuity Mortality Table rates were used for actuarial valuation at December 31, 2002. At December 31, 2001 the 1983 Group Annuity Mortality Table rates were used.

Pension annuities are issued based on the prevailing interest rates at the dates of retirement of the annuitants. The duration of the investments purchased are matched with the duration of the liabilities. As such, the risk to the Plan relates to:

(i) any differences, which may be material, between the estimated and actual life expectancy of the annuitant group which may cause the Plan to have insufficient funds to meet the liability or more funds than required; and

(ii) reinvestment of assets at maturity at rates greater than or less than rates used in determining the annuities.

To manage this risk, the Plan uses investment managers and actuaries to assist in determining the investment strategy. Further, subsection 7(3.2) of the Act requires any amount by which the liability of the Annuity Fund exceeds the assets of the Annuity Fund to be a charge on and payable from the General Revenue Fund of the Province of Saskatchewan. At December 31, 2002 and 2001, the Annuity Fund was in a surplus position.

The annual change in the liability is recorded in the statement of changes in net assets. The principal components of the change in the provision for annuity benefits during the year are summarized below:

| | 2002 | 2001 |
|---|---|---|
| Liability, beginning of year | $53,185,158 | $48,575,000 |
| Interest on liabilities and benefits paid | 3,146,872 | 3,133,158 |
| Increase in liability due to new annuities | 5,706,000 | 6,639,000 |
| Change in mortality tables | 713,000 | - |
| Decrease in liability due to commuted value payouts | - | (202,000) |
| Benefits paid | (5,465,000) | (5,054,000) |
| Mortality experience | 153,000 | 94,000 |
| Decrease in liability due to change in interest rate assumption | (1,967,819) | - |
| Liability, end of year | $55,471,211 | $53,185,158 |

**6. Earnings Allocation to Members**

Investment income less administration expenses are allocated annually to members in the Contribution Fund. The change in market value of investments is allocated over a four year period on a straight line basis.

The maximum gain or loss deferred to future years is 5% of the total market value of investments at December 31 of each year. At December 31, 2002 the (loss) gain deferred to future years was -$4,687,214 (2001: $2,174,311).

**7. Related Party Transactions**

The Plan conducts a portion of its transactions with Saskatchewan Crown-controlled Agencies, departments and corporations. These transactions are at the prevailing market rates and are settled on normal trade terms. During the year, the Plan incurred operating expenses of approximately $190,452 (2001: $193,434) with these related parties.

At December 31, 2002, the Plan has $4,511,022 market value (2001: $5,139,907) invested in Province of Saskatchewan bonds with varying maturity dates and interest rates. Interest income on these bonds during the year was approximately $294,017 (2001: $296,393).

# Saskatchewan Pension Plan
# Notes to the Financial Statements
# December 31, 2002

**8. Administrative Expenses**

Administrative expenses are allocated to the Funds based on their weighted average asset base as prescribed by Regulation.

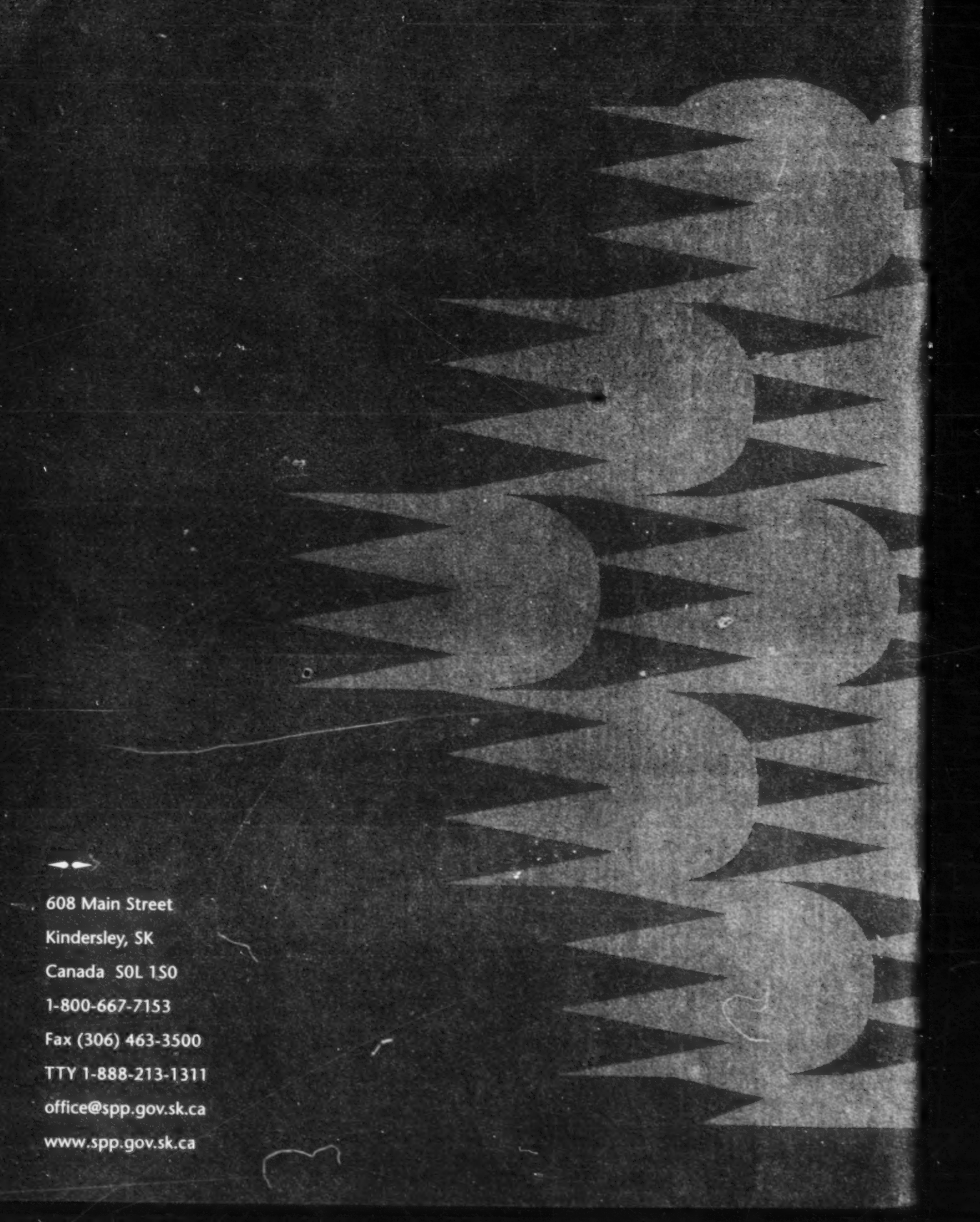
| | 2002 | 2001 |
|---|---|---|
| Salaries and Wages | $618,258 | $ 568,796 |
| Professional and Technical Services | 516,045 | 505,139 |
| Advertising and Promotional | 261,590 | 235,716 |
| Facility and Equipment Rental (Note 9) | 80,212 | 65,589 |
| Computer Systems | 80,178 | 65,784 |
| Telephone, Freight and Postage | 42,459 | 51,905 |
| Other Contractual | 19,464 | 21,029 |
| Office Supplies | 19,357 | 21,482 |
| Board Honorariums and Expenses | 18,983 | 17,131 |
| Travel | 9,932 | 11,969 |
| Leasehold Improvements | 3,053 | - |
| **Total Administrative Expenses** | $1,669,531 | $1,564,540 |
| **Allocated as follows:** | | |
| Contribution Fund | $1,202,062 | $1,142,114 |
| Annuity Fund | 467,469 | 422,426 |
| | $1,669,531 | $1,564,540 |

**9. Lease Commitment**

The Plan is committed to an operating lease for office space to September 30, 2006 with minimum annual lease payments of $68,550 due to a related party.

**10. Comparative Figures**

Certain comparative figures have been reclassified to conform with the financial presentation adopted in the current year. In the current year the Plan has chosen to disclose the provision for annuity benefits and increase in provision for annuity benefits in the Statement of Net Assets Available for Benefits and Statement of Changes in Net Assets Available for Benefits respectively. Accordingly, the Net Assets Available for Benefits in Annuity Fund at the beginning of the year has changed from $54,479,158 to $1,294,000 as a result of the deduction of the provision for annuity benefits of $53,185,158 and Change in Net Assets for Annuity Fund for 2001 has changed from $5,047,000 to $437,000.



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# Supplementary Payment Information

For the Year Ended
December 31, 2002

# Saskatchewan Pension Plan

## 2002 Expenditures

**Personal Services**
Listed are individuals (excluding unionized employees) who received payments for salaries, wages, honorariums, etc. which total $2,500 or more.

| | |
|---|---|
| Hanson, Earl | 3,023 |
| Meier, Bonnie | 62,838 |
| Strutt, Katherine | 77,652 |
| St. John, Bonnie | 37,398 |
| Unionized Employees | 360,218 |
| | $ 545,129 |

**Supplier Payments**

Listed are payees who received $20,000 or more for the provision of goods and services, including office supplies, advertising, contracts and equipment.

| | |
|---|---|
| Deloitte | 22,996 |
| Greystone Capital Management Inc. | 153,151 |
| James P. Marshall Inc. | 48,356 |
| Leith Wheeler Investment Counsel Inc. | 206,048 |
| Oracle | 20,135 |
| Royal Trust | 52,110 |
| Saskatchewan Property Management Corporation | 106,506 |
| TAP Communications Inc. | 217,937 |
| Payees under $20,000 | 220,833 |
| | $1,048,072 |

**Other Payments**

Listed are payees who received $20,000 or more for expenditures not included in the above categories. Payment includes public sector benefits.

| | |
|---|---|
| Minister of Finance | $ 80,329 |